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Investing in the United Nations for a stronger Organization worldwide: updated terms of reference for the Independent Audit Advisory Committee

Interim report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the detailed report of the Secretary-General entitled "Investing in the United Nations for a stronger Organization worldwide: updated terms of reference for the Independent Audit Advisory Committee (A/60/846/Add.7).

2. That report followed the adoption by the General Assembly of resolution 60/1 of 16 September 2005, in which the Assembly had requested the Secretary-General to submit detailed proposals on the creation of an independent oversight advisory committee, and resolution 60/248 of 23 December 2005, in which it decided to establish the Independent Audit Advisory Committee to assist the Assembly in discharging its oversight responsibilities and requested the Secretary-General to

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propose the Audit Advisory Committee's terms of reference, ensure coherence with the outcome of the ongoing review of oversight and report to the Assembly at the second part of its resumed sixtieth session on related resource requirements.

3. As indicated in paragraph 3 of the Secretary-General's report, that report had updated the proposed terms of reference for the Independent Audit Advisory Committee arising from the independent external review of governance and oversight. As at the time of the writing of the present report, the Advisory Committee had not received the report of the Secretary-General on governance and oversight.

4. As pointed out above, the report of the Secretary-General had responded to a specific request of the General Assembly and could, in that sense, be considered on its own. Nevertheless, consistent with its view expressed in paragraph 17 of a previous report (A/60/7/Add.23), the Advisory Committee points out that the Independent Audit Advisory Committee is an integral part of the overall governance machinery and that its development as an institution, including the elaboration of its terms of reference, should take place in the context of the wider review of oversight and governance. Moreover, the Advisory Committee recalls having stated in the same paragraph that the findings of the governance review could have a significant impact on the functions, mandate and terms of reference of the proposed committee. In this connection, the Advisory Committee recalls that the Secretary-General was requested to ensure coherence with the outcome of the ongoing review on oversight (see para. 2 above). The Committee also stresses the relevant parts of Assembly resolution 60/254 of 8 May 2006 on the governance review and oversight bodies.

5. In a related matter, the Advisory Committee refers to the internal oversight committee established by the Secretary-General in September 2005 (see ST/SGB/2005/18). Upon enquiry, the Committee was informed that such an oversight committee had not yet been constituted.

6. The Advisory Committee wishes to point out that it intends to take up the report of the Joint Inspection Unit on oversight lacunae in the United Nations system, together with the related comments of the United Nations System Chief Executives Board for Coordination (see A/60/860 and Add.1).

7. The Advisory Committee was informed that the Board of Auditors is engaged in ascertaining the effect of the proposed revised terms of reference of the Independent Audit Advisory Committee on the Board's independence under article VII of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7).

8. **Since, as stated above, the report on governance and oversight is not available to the Advisory Committee, the observations and recommendations of the Advisory Committee as contained in the paragraphs below are, of necessity, preliminary in nature.**

9. **Under the circumstances, the Advisory Committee will reserve comment on the proposed terms of reference for the Independent Audit Advisory Committee, including its mandate, composition, selection process and qualification of experts, pending the availability of the reports of the Secretary-General on oversight and governance and the Advisory Committee's subsequent consideration thereof.**

10. Resource requirements for the Independent Audit Advisory Committee are contained in paragraphs 14 to 16 of the Secretary-General's report. In paragraph 15 of that report, an amount of $271,900 was requested for one D-1 post, one P-3 post and one General Service post to provide administrative and logistic support for the work of the Audit Advisory Committee. **For the reasons given above, the Advisory Committee is not yet in a position to make any pronouncements on the specific staffing proposals of the Secretary-General. However, the Advisory Committee does point out that once the terms of reference have been approved, and even before the members of the Audit Advisory Committee have taken up their duties, there may well be a need for some preparatory work for the purpose of organizing support arrangements for the Committee, pending a decision by the General Assembly on the number and grade levels of staff of the Audit Advisory Committee secretariat. The Advisory Committee therefore recommends approval, at this stage, of general temporary assistance equivalent to six months at the P-5, P-3 and General Service levels.**

11. An estimated non-post requirement, in the amount of $684,700, is described in paragraph 16 of the Secretary-General's report. **The Advisory Committee recommends that consideration of these requirements be deferred, pending the adoption by the General Assembly of the necessary decisions on the Independent Audit Advisory Committee. This being stated, the Advisory Committee is of the opinion that the identification of potential candidates by the Secretary-General, in consultation with Member States, would be a useful exercise with regard to preventing an undue delay in putting the Audit Advisory Committee into operation once the Assembly has taken the relevant decisions. The Advisory Committee does not believe, however, that the Secretary-General needs an additional appropriation to commence such work at this stage.**

12. **In a related matter, the Advisory Committee reiterates its observation that ensuring the operational and budgetary independence of the Office of Internal Oversight Services is of the utmost importance and that the General Assembly may wish, as an interim measure, to authorize the Office to submit its budget to the Assembly through the Advisory Committee (A/60/7/Add. 23, para. 18).**